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THE INTERNATIONALIZATION OF BUSINESS

THE SOCIAL ASPECT

by

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The internationalization of business signifies the latter's transition from the national to the world-wide level. From the social angle, therefore, it means that the problem involved in relations between human beings are increased in as far as financial and technical divergencies are supplemented by cultural, historical and linguistic differences. Does this imply that tensions between foreigners will be more serious than those between citizens of the same country? Does it imply the emergence of new difficulties or, on the contrary, an improvement in human relations? This might constitute an initial question while another might relate to the establishment of a common principle designed to bring men closer together through the process of professional exchanges.

At first glance, the extension of science and technology to the whole world gives, if not an impression of unity, at any rate one of growing uniformity: it has become a commonplace to point out that there is little difference between the airports of Amsterdam, Paris, New York or Tokyo, or between a factory in Asia, Africa or one of the more advanced countries. In the words of Saint-Exupéry, "make men work together and they will like each other", to which Louis Armand has added, ". . . they will appreciate each other". There is no question that a sort of international class is coming into being, made up of men concerned with the same problems, more prone to take planes than trains, using English as a common language and who would like to apply a mathematical formula to the world and have it considered as a vast technological and economic organization.

This is a social consequence of a technological achievement. The need to buy from and sell to foreign peoples emerged thousands of years ago when a Babylonian king sent caravans to the shores of the Mediterranean for cedar wood and to the Red Sea for copper and gold. This was accompanied by a need to take root in foreign countries so as to produce, in the same way as the Egyptians exploited the gold mines of Nubia. The process involves several stages which have been set out by Professor Howard V. Perlmutter (1) and which seem to make

(1) L'Entreprise Internationale. Trois conceptions in Revue Economique et Sociale, Lausanne Mai 1965; translated by Miss Marianne Boosey, The International Enterprise, three conceptions, Imede, Lausanne, Switzerland-

for closer contact or, at any rate, a better understanding between technicians of different cultural backgrounds. To begin with, it is "ethnocentric" with the parent company deciding and imposing its policy abroad; then it becomes "polycentric" as the local situation and the necessary degree of decentralization is accepted; and, finally, it becomes "geocentric" in as far as it is conceived on a world-wide scale and has world-wide aims. A French observer would here refer to national companies having an international activity, then to multinational companies, and finally to transnational companies whose multiple origin is reflected in the actual structure of the management and the distribution of power.

Technically and socially, "geocentrism", because of what might be called its transcendental internationalization, makes for a closer relationship between men of different race, language and education but having similar training backgrounds and conceptual levels. In the same way, marketing tends to create a strategic formulation which is more concerned with the requirements of man than with the individualized needs experienced in any given nation. On the other hand, as Professor Perlmutter has said, from the legal point of view, "the infrastructures of the international community act as a brake where technological progress acts as a spur".

Then we consider that in the near future 300 companies will hold more than 75 % of all the Western world's industrial assets, it must be recognized that any attempt at structurizing these transnational enterprises will confirm that aspiration to oecumenism which John XXIII described in Pacem in Terris as "an increasing interest in the affairs of all peoples so that human beings are becoming more consciously aware that they are living members of a world community".

Thanks to the internationalization of business, this transition from the concept of the national community, i.e. a sum of individuals limited to one region, to that of the international society, i.e. a body of complex and diversified structures, and eventually that of the transnational community - the product of geocentric impulses - is manifestly in line with man's instinctive search for a real and authentic exchange which would embody that peace which is universally desired. Why then is it no less obviously that this is extremely difficult to bring about?

In the first place, because this very geocentrism, while significant within a group at international level, none the less remains limited to an entity which would be better described by the word "coalition" rather than by the word "co-operation". What we have today, even among those who have gone beyond the concept of nationalism, are coalitions of interests designed either for the defence of a position or the winning of a market. Underlying these agreements, there is always necessarily the question of a flow of materials and energy, entering in the form of raw materials and emerging in the form of products and by-products. The element of distortion involved here is the concept which treats profit as the standard by which to measure the true value of labour. Reversing this element would not consist of eliminating profit but of making it subordinate to the quality of the products and the means of production. This implies that concept of human value to which our contemporaries carefully avoid referring in order to emphasize all the more strongly

the concept of organization. Not recognizing that this lapsus, whether deliberate or not, represents a basic interference with any possibility for real co-operation between human beings. The geocentric enterprise should clearly express human values and the concepts which underly it.

In the second place, because the trinomial formula "information-education-promotion" is still not widely enough applied and because this failure is at the root of the superficial and emotive nature of relations which are all too often distorted by a confusion between the image and the reality. We are still all of us more or less influenced by "stereotypes" - "pictures in our heads" - with the result that we spontaneously react in terms of preconceived ideas rather than concrete facts. But Otto Klineberg (1) has very clearly demonstrated that every nation is a continually varying complex. Similarly, Katz, Sarnoff and MacIntock (2) have analysed the dual or origin of the racist attitude, one resulting from a self-defence mechanism, e.g. the Negroes threaten my economic situation or my tranquillity, the other merely reflecting a lack of information leading to the adoption of a stereotype of the Negro which is prevalent in a given cultural system. It is therefore evident that information, if it is to bring about any change in behaviour, must be accompanied by a training adapted to the motives which govern the attitude involved. This is in line with the forecasts advanced by Mr Herman Kahn and the Hudson Institute concerning the world situation in 2000 AD when "the main factor of progress will lie in educational systems" and the wider extension of culture and non-profit organizations. Man is more and more powerful, has mastered matter, is less and less restricted by distance, but he is still emotionally unstable and psychologically ignorant and this hinders any genuine co-operation.

Thirdly and finally, because the contemporary economic and social system is apparently only developing on a horizontal plane with no regard to the vertical process leading towards a transcendence which is denied or, at best, rejected as scientifically unprovable. But, equally, it has not been proved that happiness can be ensured by limiting human activity to material realities. The transition of business from the regional and national level to the world-wide level, like the systematic development of technology, unless accompanied by parallel research in respect of the inner reality of man and the harmony of his personality, can only lead to regression through a return to an even more narrow positivism than that of Auguste Comte and Littré.

By leaving the life of the spirit wholly out of account, the protagonists of the modern world may well be busily organizing a world of wretchedness in their efforts to abolish the effects of wretchedness. Cannot contemporary man preserve the dramatic victories of science by placing them at the service of man rather than the consumer?

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(1) The human dimension in international relations, Holt, Rinehart and Winston, New York, 1964.

(2) Ego defense and attitude change, Human Relations 1956 9.27.45)